

# TECHNICAL ASSISTANCE – DISCRETIONARY PAY DIFFERENTIALS

Prepared by the Division of Human Resources in the Department of Personnel and Administration. Revised July 2002.

## PURPOSE

Prior to July 2, 1998 the only way to address compensation for issues related to performance, recruitment, and retention has been to increase base salaries through either individual allocation or system maintenance studies if supported by salary survey data. The resulting pressure on the job evaluation system impacts the integrity of the class structure itself, increases ongoing base labor costs, and can artificially compress pay levels. Staff began to explore the option of pay differentials in conjunction with the 1993 Job Evaluation System Redesign Project but no action was taken. The Division of Human Resources is committed to providing more flexibility and discretion to the level in departments where operating and budget decisions are made. The implementation in performance-based pay further solidifies this direction with the movement to create simple and flexible human resource practices for agencies with various business needs. The critical supply and demand market situation for the information technology (IT) professionals was the impetus for taking immediate action. While designed to apply to similar situations in other occupations, agencies are encouraged to use discretionary pay differentials judiciously, perhaps limiting initial efforts to pilots with IT professionals.

The discretionary pay differentials were designed within several guiding principles that are intentionally flexible. Agencies will need to balance this flexibility with the proper amount of accountability. In addition, the differentials are not intended to replace other legitimate human resource processes, e.g., individual allocations, promotions, etc. **Differentials are discretionary on the part of the agency.** An agency is not obligated to use any of the differentials nor is an employee, who is otherwise eligible, guaranteed that a differential will be granted. Given the discretionary nature of these pay differentials there are no grievance or appeal rights. The only exception would be the discontinuance of base-building matching pay due to performance; in which case, appeal rights for disciplinary action apply. Continual communication will be another key component of quick resolution of any issues.

The following information addresses some of the key considerations in setting up discretionary pay differentials. Some sample statements and individual agreements are included at the end of this document. *None of this information or samples is meant to mandate the use of discretionary pay differentials or provide all of the answers.* They are meant to generate thought and creativity during the initial planning process. It is recommended that managers and budget officers be involved in the team that makes the decision on whether to use the differentials, which ones, and the agency plan. *Review by legal counsel of any agreement forms is also encouraged.* In determining if discretionary pay differentials are appropriate for a given agency, it should be remembered that non-salary incentives and work-life options are also available and may address needs just as effectively. Once the initial decision to use any or all of the discretionary pay differentials is made, training and ongoing communication will be essential.

## GENERAL REQUIREMENTS

- The statutory lid applies in all cases -- no combination of base pay and a non-base building differential(s) is allowed to exceed the salary lid in any given month. Range maximums are not a limiting factor for non-base building discretionary pay differentials.
- Base-building payments under Matching Pay cannot exceed the maximum of a pay range.
- Agencies must have a written plan containing the criteria for use of discretionary pay differentials that is based on sound business considerations and needs. These considerations may include existing budget (PERA, labor costs, etc.), internal grade compression (position of others in the class), use of in-grade hires for the job, market conditions (level of scarcity and documented recruitment problems), turnover rates for the job in relation to other jobs and possible causes. The plan must be communicated to agency employees on an ongoing basis. Even if the agency decides not to use any of the pay differentials, it is recommended that this decision be communicated to employees.
- Managers who control budgets and staffing **must** be held accountable for their decisions concerning all aspects of the use of these discretionary mechanisms.
- It is expected that any award or differential will be funded within existing budgets.
- When a differential is used, an individual agreement must exist. It should include the type of differential, the reason for use, the amount, the frequency and duration, any service requirements, any forfeiture or repayment requirements, and other terms and conditions.
- Agencies must be prepared to report on any aspect of these differentials whenever requested by the state personnel director or the Department of Personnel and Administration. Therefore, attention should be given to the type of records needed and who will maintain them. Depending on an agency's justification and approval process, including attendant documents, records often end up residing with human resources in a personnel file.

## Matching Pay

### Intent

To allow movement within a pay range for certain specified circumstances other than performance awards. Matching Pay applies to current employees who remain in the same position and can be base building, non-base building, or a combination of both. Matching pay is allowed for the following:

- to make a counteroffer to a verifiable, documented, bonafide internal or external job offer; or,

- to ease compression within a range when newer employees are hired at higher base pay rates than current employees. For example, if the practice has been to in-grade hire at mid range for the past two years, the agency may want to consider moving employees hired before that time up to, or nearer, mid range.

This differential is not intended to be used for increased volume of work (addressed through performance awards), to retain an employee in the same position where there is no specific job offer to counter (addressed through career planning and performance awards), or to retain an employee with a unique skill when there is no specific job offer to counter (addressed through temporary pay differential).

### Key Considerations

- ✓ Will this differential be used in the agency?
- ✓ Will the differential be base or non-base building? The differential can be base building, non-base building, or a combination of the two. Matching pay to address compression is typically base-building.
- ✓ If non-base building, when will the lump sum be paid? Remember that immediacy is often important in realizing the maximum benefit of a non-base building award.
- ✓ If non-base building, will there be one payment or several? Some employers divide the amount into two payments. One portion would be paid immediately and the remainder at some later specified date, generally within one year.
- ✓ If the award will be divided into several payments, will there be a forfeiture requirement? Consider whether the employee must still be employed in the same position or work unit in order to receive the later payment. The purpose of such a requirement is to realize some return on the investment.
- ✓ What amount will be allowed? Aside from the grade maximum and statutory lid considerations, decide what other limits apply. Some employers have no restriction on the amount. Others set a fixed amount or percentage. Still others set a maximum amount or percentage and allow any amount up to the specified maximum. The highest percentage used by other employers examined was typically 15%. Using this amount as an example, an agency could set a policy that allows a base-building amount up to 15%, not to exceed grade maximum. An example of non-base building could be up to 15% of base pay, not to exceed the statutory lid.
- ✓ Who is eligible and how often for the non-base building award? In terms of eligibility, an agency should consider the eligibility requirements such as the type of occupation or positions and any minimum service requirements (e.g., certified employees only, six months or one year of state personnel system service). It is a common practice to limit counteroffers to once per year. Again, the employer realizes some return on the investment and it prevents continual “job hunting” for the sake of obtaining counteroffers.

- ✓ Where will the money come from? Of course, availability of funds and affordability must be considered. This differential is included as salary for PERA purposes. Base building differentials will also impact overtime costs for non-exempt employees. Some employers develop specific forms used in a routing process to record approvals and funding certification.
- ✓ Who has authority to request and approve the differential? Typically, the supervisor requests the differential, including provision of appropriate justification and any required forms. Consideration needs to be given to who has approval authority. Some ideas include division directors, academic department chairs, executive directors, vice chancellors or presidents, college deans, deputy directors. As seen by these examples, approval authority is not generally delegated to first-line supervisors. The decision will depend on the routing process the agency designs and whether multiple approval levels are desired.

### **Signing Bonus**

#### Intent

To attract new employees into the state personnel system. A signing bonus does not apply to current state employees. This pay differential is non-base building and can be used in combination with, or in lieu of, in-grade hiring. A signing bonus is allowed for the following:

- to fill a position in a critical occupation where there is a documented shortage in the labor market and documented recruitment and retention difficulty in the agency which jeopardizes the mission of the agency; or,
- an applicant possesses a unique and critical skill or background in relation to the job requirements.

#### Key Considerations

- ✓ Will this differential be used in the agency?
- ✓ When will the bonus be paid? A least one payment should be made immediately. A common practice is to pay upon acceptance of the job. An alternative is to pay when the employee actually starts work. The latter is recommended to avoid “take the money and run” situations, even with repayment stipulations.
- ✓ Will the bonus be one payment or several? A common practice among employers examined was to pay the bonus in one payment. However, there is movement away from this practice in order to insure some return on the investment. Consider dividing the bonus into two payments; one when the employee reports for work and the other after some specified period of time in the position, e.g., six months, one year, successful completion of probation.

- ✓ Will there be a forfeiture and/or repayment requirement? If payment is made at the time of hire, consider whether repayment will be required if the employee does not report to work. (This is not an uncommon practice.) If the bonus is split into two payments, consider whether repayment of the initial payment will be required and under what circumstances, e.g. termination from state service, leaving the position or work unit. Although this is not a prevalent practice, forfeiture of the last payment is. In others words, if the employee is no longer in the same position (or work unit) at the time the later payment is due, it is forfeited. It is also possible to require forfeiture of a portion of the payment in this situation, e.g., half of the last payment.
- ✓ What amount of bonus will be allowed? Some employers set no amount. In the state's setting, the statutory lid would apply. Other employers set a specific amount or an upper limit, e.g., \$2500, \$3000, \$3500, or up to one of these specified amounts. Others set a percentage above some set point in the range, e.g., an amount equal to X% above the minimum of the range. As an example, if the minimum is \$1000 and the agency selects 15% of the annualized minimum, the bonus would be \$1800.
- ✓ Who is eligible for the bonus? Consider eligibility requirements such as the type of occupation or position, threshold level of documentation needed to show recruitment difficulty, criteria for showing a unique and critical skill set.
- ✓ Where will the money come from? Availability of funds and affordability must be considered. This differential will not be included in salary for PERA or overtime purposes.
- ✓ Who has authority to request and approve the differential? Typically, the supervisor requests the differential, including provision of appropriate justification and any required forms. Consideration needs to be given to who has approval authority. Some ideas include division directors, academic department chairs, executive directors, vice chancellors or presidents, college deans, deputy directors. As seen by these examples, approval authority is not generally delegated to first-line supervisors. The decision will depend on the routing process the agency designs and whether multiple approval levels are desired.

### **Referral Award**

#### Intent

To reward current employees for the referral and subsequent hire of a new employee into the state personnel system in a position with a unique, specialized skill where there are documented shortages in the market and recruitment and retention difficulty in an agency. This is a non-base building award.

Use of this award is not intended to increase the state's recruitment costs unnecessarily so it is not to be used when the situation does not meet the above criteria. In addition, those with significant influence or responsibility for the hiring process are ineligible for this award. For example, human resource professionals who perform recruitment and hiring supervisors or managers are ineligible.

### Key Considerations

- ✓ Will this differential be used in the agency?
- ✓ Will the award be one payment or several? A common practice among employers is to pay the award in two payments. The initial payment is made at the time of hire with the remainder due at some later specified period of time, e.g., six months, one year, successful completion of probation by the new employee.
- ✓ Will there be a forfeiture requirement? It is common for employers to have the condition that *both* employees be employed at the time the second payment is due. Consider whether a further stipulation should be that the new employee still be employed in the position, work unit, or department into which initially hired and for which the award was granted.
- ✓ What amount of award will be allowed? Some employers do not set an amount. In the state's setting, only the statutory lid would apply. Other employers set a flat amount of \$500. Others only set an upper limit of \$500.
- ✓ Who is eligible for the award? Consider eligibility requirements such as the type of occupation or position to be filled, threshold level of documentation needed to show recruitment difficulty, and how often an award will be granted. It is common to find a limit of one referral award per year, which prevents employees from spending an inordinate amount of time finding referrals.
- ✓ Where will the money come from? Availability of funds and affordability must be considered. This differential will not be included in salary for PERA or overtime purposes.
- ✓ Who has authority to request and approve the differential? Typically, the supervisor requests the differential, including provision of appropriate justification and any required forms. Consideration needs to be given to who has approval authority. Some ideas include division directors, academic department chairs, executive directors, vice chancellors or presidents, college deans, deputy directors. As seen by these examples, approval authority is not generally delegated to first-line supervisors. The decision will depend on the routing process the agency designs and whether multiple approval levels are desired.

## Temporary Pay Differential

### Intent

To award temporary, non-base building pay in certain specified circumstances. The Temporary Pay Differential applies to current employees who remain in the same position. This differential also prevents altering the assignment in order to attempt to justify a higher class for a temporary assignment. Temporary pay differentials are not intended to be a substitute for the individual allocation, promotional processes, or performance awards. Although this differential is non-base building, it is paid through regular payroll. A temporary pay differential is allowed for the following:

- Acting assignment where an employee assumes the full set of duties from a higher-level vacancy or during an extended leave. It can be used for a period that is longer than 30 days but less than six months.
- Long-term project assignment, which is critical to the mission of the agency and enhances its operation as defined by the purpose, time frame, and expected results of the project. The type of project work is not customarily assigned to the position and project assignments are not an expected part of the regular occupation. (Note: this differential is not limited to project leaders only. Ongoing project leadership should be considered separately under the job evaluation system, perhaps as part of the work leader concept.)
- Unique, specialized knowledge or skills that are critically important to the mission of the agency and its productivity. The skill set is of such value that the loss of the employee, or inability to recruit for the skill set due to documented labor shortage and recruitment difficulty in the agency, would result in a demonstrated, severe adverse impact on the agency's mission and productivity.

### Key Considerations

- ✓ Will this differential be used in the agency?
- ✓ What amount will be allowed? Some employers do not set an amount. In the state's setting, only the statutory lid would apply. Other employers set an amount or an upper limit, typically a percentage above current base pay, e.g., 10%, 15%, 25%, or 30%. As an example, if the agency selects 15% and current base pay is \$1000, the award would be \$150 per month.
- ✓ For how long will the award be paid? An acting assignment differential is limited to a maximum of six months. However, consideration must be given to how long the other differentials will be allowed and when reassessment should occur. It is recommended that these differentials not be allowed beyond one year without reassessment. For example, an agency might specify that continued use of the differential will be reassessed after six months with potential continuation of up to one year. Given the individual allocation concept that reviews can occur once every 12 months and the statute on back pay, if the

assignment is for longer than 12 months, individual allocation may be more appropriate. At the end of the year, the appointing authority could assess a project and determine that another seven months is needed for completion. In this case, a permanent adjustment to the assignment and subsequent allocation to a different class are probably unwarranted so the temporary differential could be continued for another seven months.

- ✓ Who is eligible for the bonus? Consider eligibility requirements such as the type of occupation or position, threshold level of documentation needed to show recruitment difficulty for the critical skill/knowledge differential, criteria for showing a unique and critical skill set, criteria for determining the criticality of a project to the mission and operation of an agency, assessment of an acting assignment to verify the full set of duties and authorities assigned to the acting position. Remember that the acting assignment differential is not intended to be used for “in absence of” assignments where the employee temporarily assumes a portion of another’s assignment during a short absence, e.g., vacation, travel, etc., but does not have the full duties and authorities of the higher-level assignment.
- ✓ Where will the money come from? Availability of funds and affordability must be considered. This differential is included in salary for PERA purposes. It will impact overtime costs for non-exempt employees.
- ✓ Who has authority to request and approve the differential? Typically, the supervisor requests the differential, including provision of appropriate justification and any required forms. Consideration needs to be given to who has approval authority. Some ideas include division directors, academic department chairs, executive directors, vice chancellors or presidents, college deans, deputy directors. As seen by these examples, approval authority is not generally delegated to first-line supervisors. The decision will depend on the routing process the agency designs and whether multiple approval levels are desired.

The above information is general in nature and every attempt is made to keep this information updated. For more information, contact your agency human resources office. Subsequent revisions to rule or law could cause conflicts in this information. In such a situation, the laws and procedures are the official source upon which to base a ruling or interpretation. This document is a guide, not a contract or legal advice. For additional information, contact Total Compensation/Systems at 303-866-2455 or email at [job.eval.comp@state.co.us](mailto:job.eval.comp@state.co.us).



## **APPENDIX**

### **Summary and Samples**

*(Note: Samples are just that and have not been reviewed by legal counsel.)*

## FEATURES OF DISCRETIONARY PAY DIFFERENTIALS

	<b>MATCHING</b>	<b>TEMP. PAY DIFF.</b>	<b>SIGNING BONUS</b>	<b>REFERRAL AWARD</b>
Eligibility	Current employee.	Current employee.	New employee.	Current employee, except hiring authorities and HR.
Purpose	Keep employees in current positions. Counteroffer to bonafide job offer.*  Compression adjustment.	Keep/reward employees. Acting = higher-level assignment that is more than 30 days but less than 6 months.  Project = long-term, mission-critical project that is outside the scope of the regular assignment.  Critical skills = unique set of skills required for job that cannot afford to lose or recruit for during documented labor shortage and recruiting difficulty.	Attract potential employees. Lump sum(s) to applicant who is hired in job with documented labor shortage and recruiting difficulty.	Reward employees. Lump sum(s) paid to a current employee who refers a person who is subsequently hired into a job with documented labor shortage and recruiting difficulty.
Pay Type	Permanent if base building (typically compression). Up to maximum. Temporary if non-base building (typically a counteroffer but could be either). Up to lid in any month.	Temporary. Non-base building up to lid in any month.	Temporary. Non-base building lump sum(s) not to exceed the lid in any given month.	Temporary. Non-base building lump sum(s) not to exceed the lid in any given month.
Payout	Base is regular payroll. Non-base building is flexible (up to lid in any month).	Through regular payroll. Flexible (up to lid in any month), except 6 month limit on acting.	Flexible (up to lid in any month). Allows for forfeit or repayment if leave before agreed upon service period. <i>Recommend a minimum of 2 payments.</i>	Flexible (up to lid in any month). <i>Recommend a minimum of 2 payments and both employees still employed at time of later payment.</i>
PERA	Included as salary under PERA.	Included as salary under PERA.	Not included as salary under PERA.	Not included as salary under PERA.
FLSA	Included for overtime calculation.	Included for overtime calculation.	Not included for overtime calculation.	Not included for overtime calculation.
Budget	Within existing dollars.	Within existing dollars.	Within existing dollars.	Within existing dollars.
Plan	Agency must have a written plan and communicate it within the agency.	Agency must have a written plan and communicate it within the agency.	Agency must have a written plan and communicate it within the agency.	Agency must have a written plan and communicate it within the agency.
Agreement	Must have an individual written agreement with amount, terms and conditions.	Must have an individual written agreement with amount, terms and conditions.	Must have an individual written agreement with amount, terms and conditions.	Must have an individual written agreement with amount, terms and conditions.
Dispute	No grievance or appeal.	No grievance or appeal.	No grievance or appeal.	No grievance or appeal.

**Sample -- agency plan statement**

Date:

TO: All staff

FROM: (name)  
Executive Director

SUBJECT: Use of Discretionary Pay Differentials

As most of you know, the state personnel director's administrative procedures created discretionary pay differentials, effective 7/2/98. It has been decided that none of the discretionary pay differentials will be used in our department. We gave the matter careful consideration and reached our decision based on (give appropriate rationale for the business decision, e.g., lack of funds).

If you have any questions, please contact (give name, number, e-mail address).

**Department XYZ**  
**Policy on Signing Bonuses**

As of July 2, 1998 we will allow the use of signing bonuses subject to the following conditions.

**Purpose:** To attract new employees into IT professional positions. This does not apply to any current employee on the state payroll. The bonus will be available as long as a documented recruitment/retention difficulty for IT professional positions exists, as verified by the Office of Human Resources.

**Eligibility:** The employee must be new to the state personnel system in order to receive this one-time bonus. It will be available only for those professional IT positions working on the Y2000 project. No eligible person is guaranteed a bonus.

**Amount:** The bonus can be any amount up to \$3500.

**Authority:** The hiring supervisor may request a signing bonus. The request must include the recommended amount and appropriate supporting justification. The division director (appointing authority) will determine whether to grant a bonus and the exact amount in each case. Approval is subject to the Budget Office's certification that funds are available.

**Payment:** The bonus will be made in two equal payments. The first payment will be made when the job offer is accepted. The second payment will be made after the employee has successfully completed six months of service. It should be noted that the second payment may need to be made in monthly installments if the bonus payment and base pay would exceed the statutory lid in any given month; however, the bonus is still non-base building. A signing bonus is not included as salary for PERA or overtime purposes.

**Repayment and Forfeiture:** If the employee does not report to work, the amount of bonus paid upon acceptance of the job offer must be repaid within ten calendar days. The employee must still be employed in the same position and performing satisfactorily or the second payment is forfeited. Once a bonus is awarded, it will be paid if all the requirements are met, subject to continued availability of funds at the time the second payment is due. If funds are no longer available for the second payment, the employee will receive written notification.

**Other Terms and Conditions:** If the appointing authority decides to use this bonus, a Signing Bonus Individual Agreement must be completed with the employee. No aspect of a signing bonus is subject to grievance or appeal. The individual agreement may contain other terms and conditions.

**Sample -- individual agreement**

**Signing Bonus  
Individual Agreement**

Department XYZ agrees to pay \$2000 to Ima New for accepting position number 123, an Information Technology Professional III. The bonus will be paid in two equal payments. The first payment of \$1000 will be made when the employee reports to work on 8/1/98. The second payment of \$1000 will be made no later than 2/28/99 after six months of satisfactory service.

The bonus is not part of base pay. The employee understands that the bonus is forfeited if the employee fails to report to work. The second payment is forfeited if the employee is no longer in the position to which hired or performance is not satisfactory. It is further understood that the bonus, in combination with base pay, cannot exceed the statutory salary lid, which may necessitate paying the bonus in monthly installments. The employee understands that a signing bonus is not included in salary calculations for retirement (PERA) or overtime purposes, if non-exempt.

The employee also understands that an unforeseen change in business needs or availability of funds may require modification or cancellation of this agreement and a written notice will be given to the employee at least ten days in advance. It is understood that no aspect of this bonus is grievable or appealable.

The terms and conditions have been discussed with the employee. The employee understands and agrees to these terms and conditions.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Appointing Authority Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Department XYZ  
Policy on Referral Awards**

As of July 2, 1998 we will allow the use of referral awards subject to the following conditions.

**Purpose:** To reward current employees who refer someone outside the state personnel system to an IT professional position and who is subsequently hired. This does not apply to employees of the Office of Human Resources and to hiring supervisors and appointing authorities of the position being filled. The bonus will be available as long as documented recruitment/retention difficulty for IT professional positions exists, as verified by the Office of Human Resources.

**Eligibility:** The referring employee must be currently employed by Department XYZ. The employee must be employed at the time the new employee is hired. Both employees must still be employed in the department at the time the second payment is due. Only one referral award may be granted in a 12-month period. It will be available only for those professional IT positions working on the Y2000 project. No eligible person is guaranteed a bonus.

**Amount:** The award can be any amount up to \$500.

**Authority:** An employee may request a referral award by completing the proper form available at the Office of Human Resources. The request must include appropriate supporting justification and be verified by the hiring supervisor. The hiring division director (appointing authority) will determine whether to grant an award and the exact amount in each case. Approval is subject to the Budget Office's certification that funds are available.

**Payment:** The award will be made in two equal payments. The first payment will be made when the new employee reports for work. The second payment will be made after the new employee has successfully completed six months of service in the same position, and if the referring employee is still employed by the department. It should be noted that the payments may need to be made in monthly installments if the award payment and base pay would exceed the statutory lid in any given month; however, the award is still non-base building. A referral award is not included as salary for PERA or overtime purposes.

**Forfeiture:** If the new employee does not report to work, the referral award is forfeited. The new employee must still be employed in the same position and the receiving employee employed by the agency or the second payment is forfeited. Once an award is granted, it will be paid if all requirements are met, subject to continued availability of funds at the time the second payment is due. If funds are no longer available for the second payment, the employee will receive written notification of such.

**Other Terms and Conditions:** If the appointing authority decides to use this bonus, a Referral Award Individual Agreement must be completed with the employee. No aspect of a referral award is subject to grievance or appeal. The individual agreement may contain other terms and conditions.

**Sample -- individual agreement**

**Referral Award  
Individual Agreement**

Department XYZ agrees to pay \$500 to Ima Here for recruiting Ima New who was hired into position number 123, an Information Technology Professional III. The award will be paid in two equal payments. The first payment of \$250 will be made when Ima New reports to work 8/1/98. The second payment of \$250 will be made no later than 2/28/99 after six months of satisfactory service, provided that Ima Here is still employed in the department and Ima Here is still employed in position number 123.

The award is not part of base pay. The undersigned employee understands that the award is forfeited if the new employee fails to report to work. The second payment is forfeited if either of the employees is no longer employed by the department. It is further understood that the award, in combination with base pay, cannot exceed the statutory salary lid, which may necessitate paying the award in monthly installments. The employee understands that a referral award is not included in salary calculations for retirement (PERA) or overtime purposes, if non-exempt.

The employee also understands that an unforeseen change in business needs or availability of funds may require modification or cancellation of this agreement and a written notice will be given to the employee at least ten days in advance. It is understood that no aspect of this award is grievable or appealable.

The terms and conditions have been discussed with the employee. The employee understands and agrees to these terms and conditions.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Hiring Appointing Authority Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## **Department XYZ**

### **Policy on Matching Pay -- Compression Adjustment**

As of July 2, 1998 we will allow the use of Matching Pay for compression adjustments subject to the following conditions.

**Purpose:** To ease compression in the IT Professional III class for those employees hired prior to 7/1/96 when an in-grade hire rate of \$1000 was implemented for all new employees. The award will be available as long as a documented recruitment/retention difficulty for IT professional positions exists, as verified by the Office of Human Resources.

**Eligibility:** The employee must be employed in the IT Professional III, hired into that class prior to 7/1/96, and current base salary is lower than \$1000 per month. It will be available only for those professional IT positions working on the Y2000 project. No eligible person is guaranteed a award.

**Amount:** Base pay may be increased by any amount up to \$1000 per month.

**Authority:** The supervisor may request a compression adjustment. The request must include the recommended amount and appropriate supporting justification. The division director (appointing authority) will determine whether to grant the award and the exact amount in each case. Approval is subject to the Budget Office's certification that funds are available.

**Payment:** The award is base building and paid through regular payroll. A compression adjustment is included as salary for PERA or overtime purposes.

**Other Terms and Conditions:** If the appointing authority decides to use this award, a Compression Adjustment Individual Agreement must be completed with the employee. No aspect of this award is subject to grievance or appeal. The individual agreement may contain other terms and conditions.



**Sample -- individual agreement**

**Compression Adjustment  
Individual Agreement**

Department XYZ agrees to increase the base pay of Ima Here in position number 123, an Information Technology Professional III to \$1000 per month. The adjustment will take effect on 8/1/98 and be paid through regular payroll.

The adjustment is made to the employee's base pay and regular personnel rules and procedures apply. The employee understands that a compression adjustment is included in salary calculations for retirement (PERA) or overtime purposes, if non-exempt.

The employee also understands that no aspect of this award is grievable or appealable. If base pay is reduced in the future, any appeal rights will be in accordance with personnel rules and procedures that apply to the action that is reducing base pay.

The terms and conditions have been discussed with the employee. The employee understands and agrees to these terms and conditions.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Appointing Authority Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## **Department XYZ**

### **Policy on Temporary Acting Assignment Differentials**

As of July 2, 1998 we will allow the use of Temporary Acting Assignment differentials subject to the following conditions.

**Purpose:** To reward current employees who accept acting assignments as specified below.

**Eligibility:** The current employee assumes the full set of duties and authorities from a higher-level position in an occupation that has documented recruitment difficulty as verified by the Office of Human Resources. An acting assignment applies to a vacancy or during an extended leave and must be longer than 30 days but less than six months. It does not apply to "in absence of" assignments where the full scope of duties and authorities is not delegated. No eligible person is guaranteed a differential.

**Amount:** The award can be any amount up to 10% of current base pay.

**Authority:** The supervisor may request a Temporary Acting Assignment differential. The request must include the recommended amount and appropriate supporting justification. The division director (appointing authority) will determine whether to grant a differential and the exact amount in each case. Approval is subject to the Budget Office's certification that funds are available.

**Payment:** The differential will be paid monthly through regular payroll. The differential is temporary and non-base building. The differential, in combination with current base pay, cannot exceed the statutory lid in any given month. It is included as salary for PERA or overtime purposes.

**Forfeiture:** If employee is not performing satisfactorily or funds are no longer available, the differential can be discontinued and the employee will receive written notification of such.

**Other Terms and Conditions:** If the appointing authority decides to use this differential, a Temporary Acting Assignment Individual Agreement must be completed with the employee. No aspect of a Temporary Acting Assignment differential is subject to grievance or appeal. The individual agreement may contain other terms and conditions.

**Sample -- individual agreement**

**Temporary Acting Assignment Differential  
Individual Agreement**

Department XYZ agrees to pay \$150 per month to Ima Here for accepting an acting assignment. Ms. Here will remain in position number 123 as an Information Technology Professional III but perform all of the duties and authorities assigned to position number 456, an Information Technology Professional V, while the incumbent is on extended leave. The differential will be paid monthly through regular payroll. The first payment will begin with the August 1998 payroll. It is anticipated that the acting assignment will begin on 8/1/98 and continue for four months, through 11/30/98. In no case will the Temporary Acting Assignment differential continue beyond six months even if the assignment itself does.

The differential is not part of base pay and is temporary in nature. It is further understood that the differential, in combination with base pay, cannot exceed the statutory salary lid. The employee understands that a Temporary Acting Assignment differential is included in salary calculations for retirement (PERA) or overtime purposes, if non-exempt.

The employee also understands that an unforeseen change in business needs or availability of funds may require modification or cancellation of this agreement and a written notice will be given to the employee at least ten days in advance. It is understood that no aspect of this differential is grievable or appealable.

The terms and conditions have been discussed with the employee. The employee understands and agrees to these terms and conditions.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Appointing Authority Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date